

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 23, 2012
1:32 p.m.

MEMBERS PRESENT

Senator Dennis Egan, Chair
Senator Joe Paskvan, Vice Chair
Senator Linda Menard
Senator Bettye Davis
Senator Cathy Giessel

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 175

"An Act relating to the practice of naturopathy; and providing for an effective date."

- MOVED CSSB 175(L&C) OUT OF COMMITTEE

SENATE BILL NO. 122

"An Act relating to real estate transfer fees and increasing the length of time title records must be maintained by a title plant."

- MOVED CSSB 122(L&C) OUT OF COMMITTEE

SENATE BILL NO. 25

"An Act relating to participation by the Alaska Industrial Development and Export Authority in energy projects."

- MOVED CSSB 25(L&C) OUT OF COMMITTEE

SENATE BILL NO. 174

"An Act requiring certain employers in the oil or gas production industries to report certain job opportunities to the Department of Labor and Workforce Development as public information and requiring that information to be posted on the Alaska Online Public Notice System; and adding to the duties of the Alaska Workforce Investment Board."

- HEARD & HELD

SENATE BILL NO. 116

"An Act offering mediation of disputed workers' compensation claims by a hearing officer or other classified employee of the division of workers' compensation and allowing collective bargaining agreements to supersede certain provisions of the Alaska Workers' Compensation Act; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

SENATE BILL NO. 190

"An Act relating to activities, including violations and penalties, under the supervision of the Big Game Commercial Services Board; and creating a retired status master guide-outfitter license."

- BILL HEARING POSTPONED

CS FOR HOUSE BILL NO. 168(JUD)

"An Act requiring the amount of the security given by a party seeking an injunction or order vacating or staying the operation of a permit affecting an industrial operation to include an amount for the payment of wages and benefits for employees and payments to contractors and subcontractors that may be lost if the industrial operation is wrongfully enjoined."

- BILL HEARING POSTPONED

SENATE BILL NO. 138

"An Act relating to the inclusion of the charges of a vendor of goods or services on the bills of certain telecommunications carriers; and adding an unlawful act to the Alaska Unfair Trade Practices and Consumer Protection Act."

- BILL HEARING POSTPONED

SENATE BILL NO. 157

"An Act allowing an insurer to cancel an insurance policy if property becomes unoccupied and the vacancy increases the hazard insured against."

- BILL HEARING POSTPONED

PREVIOUS COMMITTEE ACTION

BILL: SB 175

SHORT TITLE: PRACTICE OF NATUROPATHY

SPONSOR(s): SENATOR(s) MCGUIRE

01/25/12 (S) READ THE FIRST TIME - REFERRALS
01/25/12 (S) L&C
02/07/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/07/12 (S) Heard & Held
02/07/12 (S) MINUTE(L&C)
02/09/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/09/12 (S) Heard & Held
02/09/12 (S) MINUTE(L&C)
02/16/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/16/12 (S) Heard & Held
02/16/12 (S) MINUTE(L&C)
02/21/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/12 (S) -- MEETING CANCELED --
02/23/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 122

SHORT TITLE: REAL ESTATE TRANSFER FEES/TITLE PLANTS

SPONSOR(s): LABOR & COMMERCE

04/08/11 (S) READ THE FIRST TIME - REFERRALS
04/08/11 (S) CRA, L&C
01/24/12 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
01/24/12 (S) Heard & Held
01/24/12 (S) MINUTE(CRA)
01/31/12 (S) CRA AT 3:30 PM BELTZ 105 (TSBldg)
01/31/12 (S) Moved CSSB 122(CRA) Out of Committee
01/31/12 (S) MINUTE(CRA)
02/01/12 (S) CRA RPT CS 4DP NEW TITLE
02/01/12 (S) DP: OLSON, KOOKESH, MENARD, WAGONER
02/02/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/02/12 (S) Heard & Held
02/02/12 (S) MINUTE(L&C)
02/21/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/12 (S) -- MEETING CANCELED --
02/23/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 25

SHORT TITLE: AIDEA SUSTAINABLE ENERGY PROGRAM

SPONSOR(s): MCGUIRE

01/19/11 (S) PREFILE RELEASED 1/7/11
01/19/11 (S) READ THE FIRST TIME - REFERRALS
01/19/11 (S) L&C, FIN
02/08/12 (S) SPONSOR SUBSTITUTE INTRODUCED-REFERRALS

02/08/12 (S) L&C, FIN
02/16/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/16/12 (S) Heard & Held
02/16/12 (S) MINUTE(L&C)
02/21/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/12 (S) -- MEETING CANCELED --
02/23/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 174

SHORT TITLE: OIL AND GAS INDUSTRY JOB NOTIFICATIONS
SPONSOR(s): FRENCH

01/25/12 (S) READ THE FIRST TIME - REFERRALS
01/25/12 (S) L&C, FIN
02/16/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/16/12 (S) Scheduled But Not Heard
02/21/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/21/12 (S) -- MEETING CANCELED --
02/23/12 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

DON HABEGAR, Director
Division of Corporations, Business and Professional Licensing
Department of Commerce, Community and Economic Development
(DCCED)
Anchorage, AK

POSITION STATEMENT: Clarified department history of prescriptive authority issue in SB 175.

DR. WARD HURLBURT, Director and Chief Medical Officer
Division of Public Health
Department of Health and Social Services (DHSS)
Anchorage, AK

POSITION STATEMENT: Explained department perspective on SB 175 and the fiscal note.

JON SHERWOOD, Medicaid Special Projects
Medicaid and Health Care Policy
Department of Health and Social Services (DHSS)

POSITION STATEMENT: Explained the fiscal impacts of SB 175 on the Medicaid program.

DANA OWEN, Staff
Senate Labor and Commerce Committee
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Explained Amendment 1 to CSSB 122(CRA).

MIKE PRICE, owner
Fidelity Title Insurance in Anchorage and Mat-Su Title Insurance
President, Alaska Land Title Association
Wasilla, AK

POSITION STATEMENT: Said CSSB 122(CRA) was acceptable to all members of the industry.

LINDA HALL, Director
Division of Insurance
Department of Commerce, Community and Economic Development
(DCCED)
Juneau, AK

POSITION STATEMENT: Supported CSSB 122(CRA).

MIKE PAWLOWSKI, Staff
Senator Lesil McGuire
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Explained CSSSSB SB 25(L&C) for the sponsor.

MARK DAVIS, Director
Alaska Industrial Development and Export Authority (AIDEA)
Anchorage, AK

POSITION STATEMENT: Supported CSSSSB 174(L&C).

SENATOR HOLLIS FRENCH
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Sponsor of SB 174

SHARON LONG, Staff
Senator Cathy Giessel
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Explained Senator Giessel's amendment to SB 174.

DENNIS BAILEY, Attorney
Legislative Legal Division
Legislative Affairs Agency
Alaska State Legislature
Juneau, AK

POSITION STATEMENT: Was available to answer questions on SB 174.

PAULA SCAVERA, Legislative Liaison

Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Explained the impacts of SB 174 on DOLWD's online job notification systems.

PAUL DICK, Director
Employment Security Division
Department of Labor and Workforce Development (DOLWD)
Juneau, AK

POSITION STATEMENT: Answered questions on the kind of data the DOLWD's ALEXsys provides on employment in the state.

ACTION NARRATIVE

[1:32:24 PM](#)

CHAIR DENNIS EGAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Paskvan, Giessel, Davis, and Chair Egan.

SB 175-PRACTICE OF NATUROPATHY

[1:34:24 PM](#)

CHAIR EGAN announced consideration of SB 175 and said that some committee members had questions. [CSSB 175(L&C), 27-LS1230\B, was before the committee.]

DON HABEGAR, Director, Division of Corporations, Business and Professional Licensing, in the Department of Commerce, Community and Economic Development (DCCED), introduced himself.

SENATOR PASKVAN asked Mr. Habegar to review the department's position on the recent restrictions put upon naturopaths that no one could identify the origin of and explain why nothing had been done.

MR. HABEGAR replied that he had done a lot of digging in trying find the mileposts on this issue and found that the department has had a consistent interpretation of the statutes and regulations about it: one was that naturopaths don't have prescriptive authority.

He found several complaints over the last 18 years during which naturopaths have been practicing. The first was dismissed because of lack of evidence. The second one brought the issue to the forefront and ended up with a consent agreement. The division has maintained that naturopaths don't have prescriptive authority, and that was the issue in this particular case. As it

unfolded, pharmacies started asking the department about what prescriptive authority means and said they weren't supplying legend drugs to naturopaths. That is what led to the discussion before them today and the question of what the division is going to do.

If legislation is not passed to correct the situation, he said the division is in a position to go out with regulations to clear up what is confusing language to all. Those regulations won't go out until after going through the process. How they proceed past that is yet undetermined.

SENATOR PASKVAN asked him to precisely state, assuming legislation didn't pass, whether the regulations will be drafted allowing the practice that has existed over the last 18 years or not.

MR. HABEGAR replied that because the division has interpreted statute to mean that no prescriptive authority has been granted by the legislature, regulations will be developed to comport to that.

SENATOR PASKVAN said he understood that anecdotal issues have arisen - one a consent decree and the other dismissed - but it begs the issue that directors have let a practice exist for 18 years without doing anything. He was troubled about why all of a sudden they decided to do a 180 degree turn in terms of its application, whatever the interpretation is.

[1:40:24 PM](#)

MR. HABEGAR said he recognized that there have been numerous interpretations and that some pharmacists have prescribed in response to written prescriptions, and if legislation is not passed, they would give the issue careful consideration. He believes it is important for regulations to support statute and not confuse licensees.

SENATOR PASKVAN asked if he is supporting the legislation's passage to remove any uncertainty about interpretation.

MR. HABEGAR replied yes, but SB 175 needs more clarity. For instance, hydro-therapy means the use of water in all forms. Is that the physical state of water that is deemed a liquid or is it hydrotherapy with all its various components, i.e. saline solution? And clarifying this language would help the division immensely.

[1:43:07 PM](#)

CHAIR EGAN said this is the fourth meeting on this bill and the department should have offered an amendment a couple of meetings ago if it had issues. Testimony the committee has received indicates that this legislation clarifies what has been done for 18 years; it isn't changing anything.

MR. HABEGAR responded that he had a fiscal note and part of it was about getting a group of professionals together and help them to hammer out the details. The mix of professionals wasn't specified, but certainly MDs should be part of the process and someone from the Board of Pharmacy.

SENATOR DAVIS asked if he truly understands what SB 175 does. For 18 years naturopaths had the authority to prescribe medicines from pharmacies and all of a sudden something happened to take that authority away and the director just told them the division plans to write regulations in support of that. So this legislation won't do anything.

MR. HABEGAR responded that he thinks SB 175 takes regulation that was supporting their interpretation of statute, which was no prescriptive authority, and adds that prescriptive authority. There is room for clarification through the regulatory process and he would do that with the help of experts.

[1:46:13 PM](#)

SENATOR MENARD joined the committee.

SENATOR DAVIS asked if he had shared his idea of clarity with anyone, because they had been working on this bill for a long time; he had even testified on it. Now today when they are getting ready to move it, he is saying it needs more clarification and doesn't have anything to suggest.

MR. HABEGAR apologized for being remiss in addressing the committee's concerns, but it is an ongoing process.

[1:47:28 PM](#)

SENATOR GIESSEL said her concern and the concern of her colleagues is that a professional license with its accompanying scope of practice is a property right and it sounds like the division has plans to arbitrarily change it. Even if they do pass this bill some tweaking will be done to it.

Another of her concerns was the \$127,000 fiscal note for travel expenses for two naturopath prescription drug task force

meetings that she didn't think would be needed. Another concern she had was the task force consists of naturopaths, the medical board, the pharmacy board and the division personnel, but this scope of practice applies to naturopaths only, not the other two professions. She was also concerned about the \$36,000 fiscal note each month for filling 100 Medicaid prescriptions. She didn't think this bill needed a fiscal note.

MR. HABEGAR replied that the fiscal note isn't from his department; it came from HSS. The \$16,000 fiscal note was in response to the original bill, and if it needs to be changed as results of changes to the bill he would withdraw it.

CHAIR EGAN thanked him and announced other people on line who could also answer fiscal note questions.

1:50:43 PM

DR. WARD HURLBURT, Director of the Division of Public Health, and Chief Medical Officer for the Department of Health and Social Services (DHSS), Anchorage, Alaska, said he understood that clarification was needed and the language in this version of SB 175 would expand the naturopathic scope of practice and the fiscal note was based on the cost associated with expanding that prescriptive practice. For instance, the manufacturer of capsicum, a tincture of cayenne pepper that is used medicinally, made it a prescription item. In allopathic medicine, if you ask someone to take ibuprofen or Advil, the over-the-counter form is 200 milligrams and very few insurance policies would cover that. Whereas a physician could prescribe an 800 milligram tablet and it would likely be covered.

The bill's language notes that the prescriptive authority is for drugs that are derived from natural substances and his recent research and experience indicated that 25-50 percent of pharmaceutical agents requiring a prescription are derived from natural substances. That is the reason for the concern that it would expand the scope and therefore expand the cost of health care for items that are not now covered by insurance.

1:53:14 PM

SENATOR GIESSEL asked what the prescriptive cost to Medicaid has been under existing regulations for the last 18 years.

DR. HURLBURT said he didn't have that information, but would get it.

SENATOR GIESSEL said she was not interested in speculating about expansion, but was only asking about practices for the past 18 years.

[1:54:10 PM](#)

SENATOR PASKVAN asked if he ever protested what the naturopaths were doing in the last 18 years - even one time, because someone is protesting now, and he was wondering what it was about.

DR. HURLBURT said he had been in his current position for 2.5 years and during that time he hadn't protested what naturopathic doctors had been doing.

[1:55:08 PM](#)

CHAIR EGAN asked Dr. Hurlburt if any other chief medical officers had protested naturopathic practices in the last 18 years.

DR. HURLBURT replied that he didn't know but would find out.

[1:55:46 PM](#)

JON SHERWOOD, Medicaid Special Projects, Medicaid and Health Care Policy, Department of Health and Social Services (DHSS), said Medicaid has two fiscal notes and that this issue has stayed beneath their radar. He understood that naturopaths do not have prescriptive authority and they are not included in the Medicaid program, and since he doesn't pay them, they have not had to enroll in the Medicaid program. Changes to Medicaid under the Affordable Care Act require that any prescriber that Medicaid is paying for a prescription needs to enroll in the program so that their provider number can be captured. A one-time cost for creating a way for them to enroll in the program and \$36,000 a year for 100 prescriptions per month was estimated. But he emphasized that was only an estimate and that a wide variety of medicines are prescribed, and it would help to have a clearer understanding of what substances they would be talking about.

SENATOR DAVIS asked him to explain the two fiscal notes.

MR. SHERWOOD explained that the Medicaid Assistance Administration has a one-time cost of \$75,000, \$18,800 of which would come from general funds; the other one is \$36,000 per year for health care Medicaid services and that is 50 percent federal, 50 percent state general funds. The \$16,000 fiscal note is from the Department of Commerce, Community and Economic Development (DCCED).

[2:00:02 PM](#)

SENATOR GIESSEL asked Dr. Jasper if naturopaths have national provider identifier (NPI) numbers.

DR. JASPER answered yes.

SENATOR GIESSEL asked if they are reimbursed by insurance companies.

DR. JASPER answered yes; Alaska statute provides for that coverage in its group health policies.

SENATOR GIESSEL asked if any Alaska naturopaths have enrolled in Medicaid or are Medicare providers.

DR. JASPER replied that naturopaths are not eligible to enroll. Eligibility for Medicare is determined by federal laws, and the eligibility for Medicaid is determined by state law; neither has authorized naturopathic doctors to participate in Medicare or Medicaid.

[2:01:29 PM](#)

DR. JASPER also added that hydrotherapy is the application of hot and cold water packs to the body and shouldn't result in any prescription expenses; it's not IV water or saline injections. Maybe it would help Mr. Habegar to have that clarified.

[2:02:32 PM](#)

SENATOR PASKVAN moved to report CSSB 175(L&C), version B, from committee with individual recommendations and attached fiscal note(s) although he hoped the fiscal note would be removed. There were no objections, and it was so ordered.

[2:02:57 PM](#)

At ease from 2:02 to 2:04 p.m.

SB 122-REAL ESTATE TRANSFER FEES/TITLE PLANTS

[2:04:56 PM](#)

CHAIR EGAN announced consideration of SB 122.

DANA OWEN, staff to the Senate Labor and Commerce Committee, said at the last hearing on this bill they discussed an amendment that would be forthcoming and it would answer issues that had been raised amongst title insurers.

SENATOR PASKVAN moved to adopt Amendment 1 to CSSB 122(CRA), version 27-LS0789\B.

CHAIR EGAN objected for discussion.

MR. OWEN explained that the one goal of the amendment is to anchor title searches to the State of Alaska. Concerns have been expressed to their office that because there is so much offshoring of this kind of "back office" sort of work that we would lose our ability to have title insurance searches done by somebody who has an actual connection to Alaska and whose local knowledge may prove instrumental in making sure that the title searches are defensible. In order to do that, this amendment adds a requirement that a title insurance contract can't be issued until an examination has been done by a licensed title insurance limited producer. Among the requirements to become a licensed title insurance limited producer is one that you have a locus (physical presence) of business in the state. This doesn't guarantee that with online technology people outside the state couldn't do the research, but it would at least mandate that one person or a business located in Alaska has the final authority to approve it.

The second section of the bill requires that a title insurance limited producer must be a resident of the State of Alaska. A memo in their packets argues that this may be in violation of the privileges and immunities clause of the U.S. Constitution. Anytime Alaska residency is required, this issue is raised. Bills in the past have passed with these kinds of provisions and the committee could decide to embrace that. This language has been vetted between two contending factions in the title industry, both of which are okay with this now.

[2:08:56 PM](#)

SENATOR MENARD said she wanted to hear from MatSu Title Insurance.

[2:10:22 PM](#)

MIKE PRICE, owner, Fidelity Title Insurance in Anchorage and Mat-Su Title Insurance in Wasilla said he is currently president of the Alaska Land Title Association and that the CS is acceptable to all members of the industry and they support its passage. He said about 13 states had passed very similar legislation in the last three or four years that specify residents of their states will be the only licensed examiners within those states. Since the last committee meeting, he,

personally, had been solicited three times from India and that is the kind of thing they are trying to prohibit.

SENATOR MENARD said it's comforting to hear that he is satisfied.

CHAIR EGAN asked Ms. Hall what she thought of the latest version.

[2:12:35 PM](#)

LINDA HALL, Director, Division of Insurance, Department of Commerce, Community and Economic Development (DCCED), said she was pleased to hear Mr. Price testify that industry agrees with this version, and she is especially supportive of Section 1, because it clarifies there has to be at least a physical location from which to do the title examination search in the state. Language in Section 2 about off shore outsourcing was strictly a legislative call, she said, and she understood industry's concerns about it.

[2:13:49 PM](#)

SENATOR PASKVAN moved to report CSSB 122(L&C), as amended by amendment B.2, from committee with individual recommendations and attached zero fiscal note. There were no objections, and it was so ordered.

[2:14:13 PM](#)

At ease from 2:14 to 2:15 p.m.

SB 25-AIDEA SUSTAINABLE ENERGY PROGRAM

[2:15:50 PM](#)

CHAIR EGAN announced consideration of SB 25.

[2:16:02 PM](#)

SENATOR PASKVAN moved to bring CSSSB 25(), version 27-LS0290\E, before the committee for purposes of discussion. There were no objections and it was so ordered.

MIKE PAWLOWSKI, staff to Senator McGuire, sponsor of SB 25, explained the committee substitute (CS). He said that the bill is about empowering and creating a new fund within the Alaska Industrial and Development and Export Authority (AIDEA) to take a portion of Alaska's savings and put it to work within the state, financing the construction and development of energy projects.

In the previous committee hearing, he said that Mr. Davis from AIDEA testified that some technical amendments were needed to ensure the ability to bond and to clarify the definition of energy in the interest rate provisions.

MR. PAWLOWSKI reviewed the CS starting with Section 8 on page 6 where language in section 10 amended AS 44.88.159 that sets the interest rates for AIDEA. He noted multiple different sources of revenue that finance projects were also within that statute. So AIDEA suggested clarifying that the new interest rate is applied only to the new fund being created. So, sections 8, 9, 11 and 12 all amend different portions of AS 44.88.159 to ensure that the interest rates are consistent with current practice. The important thing about that is to ensure that AIDEA isn't giving away money, but rather collecting an interest rate, earning money on the investment that it makes. This is not a grant program and is not designed to be one. Further, it also conforms with the private sector so it doesn't crowd out Alaska's financial institutions from the work they do in providing capital.

[2:18:42 PM](#)

The next substantive change was on page 10, line 14, in a new subsection within the powers and duties of the Authority. He explained that AS 44.88.090 allows AIDEA to issue bonds and borrow against the proceeds from the projects that it has invested in. This section applies to that chapter. It was originally the sponsor's thought that since this new section was within the chapter, that power would apply to AIDEA in carrying out the duties of this fund. AIDEA believed that making that explicit strengthened the bill. So a new section makes it extremely clear that AIDEA does have the ability to leverage capital markets against the assets that it has loaned.

MR. PAWLOWSKI said the other material change was on page 10, line 4. In the previous version, language was left in that said "subject to lender approval defer principal payments" in that AIDEA under this program is the lender. This was redundant language that legal said could be taken out.

The final change was on page 11, line 4, in the definition of "energy project." In the previous version the "transmission, generation, storage or distribution of electricity" was the description. And in working with more energy groups over the Interim since the previous hearing, it was brought up that several energy projects might not actually generate electricity but could be used for heat, biomass being the most important of

those, and the goal was not to preclude AIDEA from helping that type of energy project.

2:20:38 PM

SENATOR MENARD said she appreciated the format of his presentation.

MR. PAWLOWSKI then pointed out a mistake on page 1, section 5, and said this bill in no way deals with sport fishing guide licenses and that would get fixed.

2:21:29 PM

SENATOR PASKVAN asked the AIDEA director to explain the leveraging component on page 10, line 14.

MARK DAVIS, Director, Alaska Industrial Development and Export Authority (AIDEA), responded that one of the concerns they had with the original bill was that although the chapter says AIDEA could issue bonds and borrow money, the language didn't explicitly apply to the new fund. Bankers and lawyers tend to be very careful, and in looking for a guarantee of leveraging they want explicit statutory authority. The way it would work is that now AIDEA could issue a bond to raise money for a loan or, assuming there is some appropriation with this bill which there is not, it could use those monies, or it could use its current reserves. So, it gives AIDEA the flexibility to pick the best pot of money to get the project going with the least possible cost. This bill suggests that AIDEA put no more than one third into a loan, which is already internal policy.

SENATOR PASKVAN asked if AIDEA would fund a \$250 million project with \$80 million as the first step.

MR. DAVIS replied yes.

SENATOR PASKVAN asked if there is more leveraging once the \$80 million is locked in.

MR. DAVIS replied that depends on how the deal is structured and every transaction is different.

SENATOR PASKVAN asked at what point further legislative approval enters into the process.

MR. DAVIS replied at the appropriation level, but even without an appropriation, should this bill pass, AIDEA could issue a bond to raise money for an energy loan.

SENATOR MENARD asked if there is a good reason the word "leverage" is not part of the language.

MR. DAVIS replied that "leverage" is a term of art for putting together financial packages, but it's not language that would be put into a statute.

[2:25:49 PM](#)

MR. PAWLOWSKI pointed out language on page 8, line 28 through page 10, line 22, requires legislative approval for projects over \$20 million.

[2:27:10 PM](#)

SENATOR PASKVAN moved to report CSSSSB 25(L&C) from committee with individual recommendations and attached fiscal note. There were no objections and it was so ordered.

[2:27:32 PM](#)

At ease from 2:27 to 2:30 p.m.

SB 175-PRACTICE OF NATUROPATHY

[2:30:35 PM](#)

CHAIR EGAN reconvened the meeting and returned attention to SB 175.

SENATOR PASKVAN moved to rescind the committee's previous action to report SB 175 out of committee and restated the motion as follows: to report CSSB 175(L&C), version \B from committee with a restated Labor and Commerce fiscal note of zero with individual recommendations. There were no objections and it was so ordered.

[2:31:43 PM](#)

At ease from 2:30 to 2:31 p.m.

SB 174-OIL AND GAS INDUSTRY JOB NOTIFICATIONS

[2:32:29 PM](#)

CHAIR EGAN announced SB 174 to be up for consideration.

SENATOR HOLLIS FRENCH, sponsor of SB 174, said this bill had its genesis from the work this committee did with respect to oil industry hiring practices. Early results from the McDowell Group report indicated large numbers of out-of-state residents being hired on the North Slope, and he puzzled about what could be

done to tip the balance in favor of Alaska residents. In-state hire cannot be mandated, but maybe Alaskans can be made more aware of these fantastic job opportunities, and SB 174 is designed to do just that. Senator French said he worked eight years on the North Slope and they are great jobs.

SENATOR FRENCH said when big companies on the North Slope are hiring, they tell the Department of Labor and Workforce Development (DOLWD) and the department puts it on their website. He was open to any reasonable suggestion, but the idea was to just get the notification out there.

CHAIR EGAN remarked that the department was working hard to make ALEXsys more user friendly.

[2:35:04 PM](#)

SENATOR GIESSEL said she appreciated the intent and possible outcome of this bill and remarked that information in the supporting documents also indicated that 75 percent of the workforce in the seafood industry is non-resident. She said more than one-third of Alaska's employers are in the food services industry and employs lots of non-residents as well. So, she wanted to offer an amendment that would broaden the scope of the bill to include any non-profit that is licensed to do business in the state with more than 100 employees.

[2:36:35 PM](#)

SENATOR GIESSEL moved conceptual Amendment 1 and asked her staff to explain it.

27-LS0967\M.1
Bailey/Wayne

AMENDMENT 1

OFFERED IN THE SENATE

TO: SB 174

BY SENATOR GIESSEL

Page 1, line 1:

Delete "**in the oil and gas production industries**"

Page 1, line 3:

Delete "**that**"

Insert "**job opportunity**"

Page 1, line 8:

Delete "**by oil and gas producer**"

Page 1, line 9:

Delete "an oil or gas producer"

Insert "a for-profit business licensed to do business in the state"

Page 1, line 10:

Delete "producer"

Insert "for-profit business"

Page 2, lines 12 - 13:

Delete "and notifies job service organizations as required under AS 43.82.230(b); or"

Insert "in newspapers in the location where the work is to be performed and in other publications distributed throughout the state, including in rural areas;

(2) the employer uses Alaska job service organizations located throughout the state and not just in the location where the work is to be performed in order to notify Alaskans of work opportunities; and"

Re-number the following paragraph accordingly.

Page 2, line 17:

Delete all material.

Page 2, line 18:

Delete "(2)"

Page 2, line 20:

Delete ";"

Insert "."

Page 2, lines 21 - 24:

Delete all material.

Page 3, line 6:

Delete "with oil or gas producers"

Page 4, line 4:

Delete "and"

Page 4, line 6, following "AS 23.05.095":

Insert "; and"

(13) a statement of state and municipal job opportunities"

[2:37:19 PM](#)

SHARON LONG, staff to Senator Giessel, explained that this amendment broadens the bill to cover any for-profit business doing business in Alaska. It would make any available jobs open to Alaskans. Language on page 1, line 1, deletes "in the oil and gas production industries", on line 3 it adds "job opportunity" after "requiring", on line 8 it deletes "oil or gas producer".

The fourth change was on page 1, line 9, that deletes "an oil and gas producer" and inserts "for-profit business licensed to do business in the state". Page 1, line 10, deletes "producer" and inserts "for-profit business". Page 2, lines 12 and 13, deletes "and notifies job service organization as required under AS 43.82.230(b) and inserts:

1. In newspapers in the location where the work is to be performed and in other publications distributed throughout the state including rural areas.
2. The employer uses Alaska job service organizations located throughout the state and not just in the location where the work is to be performed in order to notify Alaskans of work opportunities.

Change 7 deletes language on page 2, line 17, deletes "2" on page 2, line 18, and on line 20 inserts a period. Language is deleted on page 2, lines 21-24.

On page 3, line 6, "with oil or gas producers" is deleted which again broadens the application outside the oil and gas industry. On page 4, line 4, "and" is deleted; on line 6 "and (13) statement of state and municipal job opportunities" is inserted after "AS 23.05.095."

SENATOR DAVIS asked what the sponsor thought of the amendment.

SENATOR FRENCH said he appreciated the sentiment behind it, but was concerned about the reporting burden it puts on other companies. The reason he focused on the oil and gas industry was because of the information in "The Non-Residents Working in Alaska Handbook" for 2010. This book indicates that the oil and gas industry employs less than 5 percent of all Alaskan workers. But it has a substantial impact on Alaska's economy; oil and gas industry earnings are 2.7 times higher than average annual earnings for all other industries combined! The same book indicates that the percentage of non-resident workers in the oil and gas industry has historically been higher than the statewide average for all industries. So, he is aiming at the center of

the target - at the problem with the biggest economic impact, out-of-state workers taking high paying oil jobs.

SENATOR FRENCH said he thought Senator Giessel's idea to broaden it was a good one, but that maybe it should be in a stand-alone bill and he wanted to hear from the Department of Labor about what sorts of work would go into putting this into effect. If they say it's no problem whatsoever and has no fiscal impact, he would be fine with it.

He also pointed out that it's easier to get a tour guide job with Gastineau Channel Guiding, because they are already advertising on the radio and if you want to work in the seafood industry, just show up. But if you want to work on the North Slope "that's tougher," because of the high pay and the high number of people coming up from out-of-state claiming those jobs.

[2:44:41 PM](#)

SENATOR GIESSEL agreed with him but said that still doesn't address the fact that 75 percent of the employees in the fish processing industry are non-residents. In fact a high percent are not even Americans. The same is true in the tourism industry.

SENATOR PASKVAN said he understood precisely what she was saying, but this bill has a zero fiscal note and he didn't know what the notification requirements in newspapers and other publications distributed throughout the state would mean. It could cause significant problems.

CHAIR EGAN said the amendment was offered and it was his intent to take it up again at the next meeting.

SENATOR MENARD asked if it applied only to for-profits licensed to do business in Alaska as long as they have over 100 employees.

SENATOR GIESSEL said that was correct and it would not include the film industry which is not required to be licensed in the state.

[2:47:58 PM](#)

DENNIS BAILEY, Attorney, Legislative Legal Services, Legislative Affairs Agency, Alaska State Legislature, said he didn't have any comments but would answer questions.

SENATOR PASKVAN asked if he thought the zero fiscal note would be changed with adoption of the amendment.

MR. BAILEY replied that his department doesn't deal with fiscal notes.

SENATOR DAVIS said she wanted to know how this amendment would affect the bill when it comes up for a hearing again.

[2:49:52 PM](#)

PAULA SCAVERA, Legislative Liaison, Department of Labor and Workforce Development (DOLWD), pointed out that the notification in the current version of SB 174 goes to the online public notice system, which is an inter-departmental public system where regulations and meetings are posted; it is not ALEXsys, the jobs network system for which she prepared an explanation on some handouts. She emphasized again that the online public notice system was what was in the bill.

CHAIR EGAN said that could be easily amended to make it also accessible to ALEXsys.

MS. SCAVERA said the system is currently available to all businesses in Alaska. Just this morning she looked at all oil and gas jobs on the ALEXsys system and found 12 oil and gas producing companies that had 112 jobs posted.

SENATOR GIESSEL asked about companies in the medical field or construction jobs.

MS. SCAVERA answered that they have construction, drafting, waitressing and administrative assistant jobs posted and she would be happy to show committee members the online system.

[2:52:45 PM](#)

SENATOR GIESSEL asked if the oil and gas companies are already doing this as are multiple other industries in the state.

MS. SCAVERA replied yes.

SENATOR PASKVAN said they know what they post, but how does one know what they haven't posted.

MS. SCAVERA acknowledged that.

SENATOR PASKVAN said it's more accurate to say they know what their practice is, but they don't know if it is all-inclusive.

MS. SCAVARA said that was correct. They don't know if there are 10,000 jobs out there and only 112 of them were getting posted as of this morning. She personally didn't know if three weeks ago 400 jobs were posted and then filled. They do know how many jobs have posted through the ALEXsys system to gain employees in Alaska.

SENATOR GIESSEL asked when someone applies for unemployment and is required to continue seeking work if this would be one of the places they would be expected to search.

MS. SCAVARA answered yes.

SENATOR MENARD said she was interested in getting a better understanding of how many hits the job site gets and asked if they have that data.

[2:55:16 PM](#)

PAUL DICK, Director, Employment Security Division, Department of Labor and Workforce Development (DOLWD), replied yes; last year ALEXsys posted 35,000 jobs and had 300,000 visits.

SENATOR MENARD asked what industry the 35,000 jobs went to.

MR. DICK replied that they can look at the types of jobs that are posted, but they don't have the results of whether a particular person got employed or not.

SENATOR MENARD said they should be able to get that information as they advance to find out if a job was actually secured.

MR. DICK answered that their records track re-employment rates.

[2:57:32 PM](#)

SENATOR PASKVAN said requiring notification through newspapers in the location where the work is performed and in other publications distributed throughout the state including rural areas would seem to impose a criterion for entry into the system.

MS. SCAVERA responded that right now the department is kind of involved in the bill, but their system is not in the bill and didn't know what the fiscal implications would be.

SENATOR PASKVAN said currently an employer can access their system at no charge.

MS. SCAVERA answered yes.

CHAIR EGAN added that since it's maintained by the department there wouldn't be any increased costs for posting on ALEXsys.

MS. SCAVERA replied the fiscal note would be about the departmental notification to the other entities that the bill requires. Right now there is no cost for a business to post a job because the HR person for any business in the state can post one.

CHAIR EGAN said it seems like a clever IT person could figure out how it could be done.

MS. SCAVERA said the problem also is that not every community in Alaska has broadband Internet. For instance, during this winter's storms, St. George, St. Michael and St. Paul didn't have Internet service for over a month. You have to be careful what you mandate when it's for municipalities and communities.

CHAIR EGAN remarked that problem exists now, but be understood what she was saying. He held the amendment and SB 174 in committee.

[3:02:46 PM](#)

Finding no further business to come before the committee, Chair Egan adjourned the Senate Labor and Commerce Standing Committee meeting at 3:02 p.m.